GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:723
ANSWERED ON:04.03.2005
WORLD BANK AND ADB LOAN TO STATES
Scindia Shri Jyotiraditya Madhavrao

Will the Minister of FINANCE be pleased to state:

(a) whether in order to curtail the interest burden on State Governments, the Union Government has decided to allow them to resort to loans extended by multilateral agencies like the World Bank and ADB to the States;

(b)if so, the present interest burden on Madhya Pradesh and other State Governments; and

(c) the manner in which this decision is likely to reduce their interest burden?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (S. S. PALANIMANICKAM)

(a)No, Sir. The States are constitutionally not permitted to borrow outside the territory of India.

(b)&(c): Do not arise.